

## Message Text

CONFIDENTIAL

PAGE 01 HONG K 00265 060627Z  
ACTION EB-03

INFO OCT-01 SS-14 ISO-00 EA-06 CIAE-00 NSAE-00 NSC-05  
TRSE-00 L-01 OMB-01 SP-02 ACDA-10 USIA-01 DODE-00  
/044 W

-----081571 060634Z /17

R 060502Z JAN 78  
FM AMCONSUL HONG KONG  
TO SECSTATE WASHDC 8454  
INFO USLO PEKING

C O N F I D E N T I A L HONG KONG 0265

LIMDIS

EO 11652 GDS  
TAGS: ETRD, HK  
SUBJECT: PROPOSED IBM SALE OF COMPUTERS TO BANK OF CHINA HONG KONG

1. IN A RECENT DISCUSSION WITH CONGENOFF, MESSRS. DONALD K. BLACK AND JOHN L. THROCKMORTON, GENERAL MANAGERS, IBM WORLD TRADE ASIA CORPORATION FOR SOUTHEAST ASIA REGION AND HONG KONG, RESPECTIVELY, SAID THAT IN EARLY NOVEMBER 1977, THE BANK OF CHINA (BOC) HONG KONG HAD DESIGNATED IBM AS THE COMPANY FROM WHICH IT INTENDS TO BUY A MAIN FRAME COMPUTER SYSTEM TO SERVE THE PRC-CONTROLLED BANKING COMMUNITY IN HONG KONG. THE SALE OF TERMINALS TO BE INSTALLED IN THE COMMUNITY BANKS, HOWEVER, IS STILL OPEN TO BIDDING FROM ALL COMPANIES WHO MANUFACTURE COMPATIBLE UNITS, INCLUDING IBM.
  2. IBM EXPECTS TO CONCLUDE THE SALE OF TWO 3032 MAIN FRAME COMPUTERS WITHIN 60 TO 90 DYS. ONLY DELIVERY DETAILS REMAIN TO BE AGREED UPON AND NECESSARY PAPERWORK COMPLETED BEFORE THE CONTRACT IS SIGNED. THE BOC IS AGREEABLE TO THE ONE PRICE OFFERED IT AND PAYMENT WOULD BE MADE IN CASH ON DELIVERY.
  3. THE COMPUTERS WOULD BE INSTALLED AND OPERATIONAL WITHIN SIX MONTHS AFTER THE CONCLUSION OF THE DEAL. THE BOC IS  
CONFIDENTIAL
- CONFIDENTIAL
- PAGE 02 HONG K 00265 060627Z
- PREPARING A SITE FOR INSTALLATION OF THE 3032 UNITS IN THE BOC BUILDING AND IBM IS TRAINING BOC COMPUTER SPECIALISTS.
4. WHILE COCOM RESTRICTIONS DO NOT APPLY TO THE SALE OF THE COMPUTERS TO BE USED IN HONG KONG, IBM STILL REQUIRES AN EXPORT LICENSE WHICH IT EXPECTS TO OBTAIN WITH NO DIFFICULTY, SINCE IBM HAS RECEIVED A LETTER FROM THE DEPARTMENT ADVISING THAT THERE

WOULD BE NO PROBLEM. UNDER EXISTING RESTRICTIONS THE SYSTEM  
CANNOT BE RE-EXPORTED FROM HONG KONG TO THE PRC.

5. THE EXPECTED SALE WOULD CAP A TWO AND A HALF YEAR SALES  
EFFORT BY IBM HONG KONG. INITIAL ECONTACT WITH BOC OFFICIALS  
IN HONG KONG WAS MADE BY IBM HOME OFFICE REPRESENTATIVES BEFORE  
IBM HONG KONG TOOK OVER THE PROJECT EXCLUSIVELY. IBM HAS MADE  
NO CONTACT WITH PEKING ON THE PROPOSED SALE.

6. BLACK'S AND THROCKMORTON'S COMMENTS DISPELLED FALSE  
IMPRESSIONS CONCERNING THE CURRENT STATUS OF NEGOTIATIONS.  
THE LOCAL PRESS HAD REPORTED THAT THE SALE HAD ALREADY BEEN  
MADE WITH REQUIRED COCOM APPROVAL PENDING BUT LIKELY TO BE GIVEN.

7. BLACK AND THROCKMORTON HAVE ASKED THAT ANY INFORMATION THEY  
HAVE GIVEN US ON THE STATUS OF THEIR NEGOTIATIONS WITH THE BOC  
BE HELD TIGHTLY. THEY EXPRESSED THEIR CONCERN THAT THE BOC'S ACUTE  
SENSITIVITY TO ANY INFORMATION ON THE CURRENT STATUS OF NEGOTIATIONS  
MIGHT JEOPARDIZE IBM'S SALE SHOULD IT BECOME PUBLIC  
KNOWLEDGE.  
SHOESMITH

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES, COMPUTERS, BANKS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 jan 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978HONGK00265  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780009-0965  
**Format:** TEL  
**From:** HONG KONG  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780193/aaaadabz.tel  
**Line Count:** 83  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 189901e6-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 29 apr 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3819277  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PROPOSED IBM SALE OF COMPUTERS TO BANK OF CHINA HONG KONG  
**TAGS:** ETRD, HK  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/189901e6-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014